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FISCAL POLICIES

FUNDS: ESTABLISHMENT

PREFACE

The establishment of funds, which are part of the statewide accounting identification code structure, is defined by *Idaho Code*, 67-1021(3) as follows: "For the purpose of maintaining a uniform statewide accounting and reporting system, the state controller shall define and classify the various funds, accounts, grants and other financial structures."

As stated in *Governmental Accounting, Auditing and Reporting*, "Governmental units should establish and maintain those funds required by law and sound financial administration. Only the minimum number of funds consistent with legal and operating requirements should be established however, since unnecessary funds result in inflexibility, undue complexity, and inefficient financial administration."

The need to establish a fund may come from a variety of sources - legislation, court order, or from an agency due to a change in accounting requirements.

STARS has several existing accounting structures that may be used to achieve the same accountability and controls that agencies seek in establishing a new fund.

ADMINISTRATIVE PROCEDURES

Contact the Office of the State Controller, Division of Statewide Accounting to establish a new fund. The request will be reviewed with the agency to determine if other possible structures, e.g., fund detail or grant, might be used rather than a new fund.

If the alternative structure will not suffice, the characteristics of the new fund will be analyzed in order to determine the appropriate fund type and interest earnings distribution.

Once the fund type and fund have been determined and established in the accounting system, the Division of Statewide Accounting will notify:

- The requesting agency
- Legislative Services
- The Division of Financial Management
- The State Treasurer's Office

[Click here for additional Fiscal Policy Procedures for the establishment of a fund.](#)